

Southern National



12545
RECORDATION NO. _____ Filed 1425

TOMMIE L. JESSUP
VICE PRESIDENT

DEC 8 1980 -3 2 PM

INTERSTATE COMMERCE COMMISSION

No. **G-340A120**

DEC 5 1980

Date.....

Fee \$..50.00

ICC Washington, D. C.

DOCKET FILES
BRANCH

DEC 8 3 31 PM '80

Secretary of the Interstate Commerce Commission
Washington, D. C. 20423

Subject: Transmittal Letter

Mortgage

1. Mortgagor: Southern National Bank of N. C.
P. O. Box 147
Southern Pines, North Carolina 28387
2. Mortgagee: Voit Gilmore
P. O. Box 289
Southern Pines, North Carolina 28387
3. Date: November 28, 1980
4. Amount: \$110,068.00

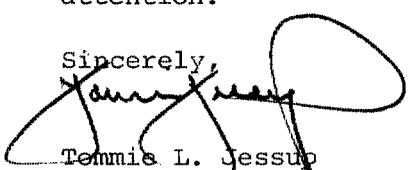
Equipment

Included in the property covered by aforesaid mortgage are:

- A. Marine I Industrial Covered Hopper Railcar
Serial No. RRRX1131.
- B. Pullman Covered Hopper Railcar Serial No. RRRX3039
- C. Pullman Covered Hopper Railcar Serial No. RRRX3053
used or intended for use in connection with inter-
state commerce, or interest therein, owed by Voit
Gilmore at the date of said mortgage or thereafter
acquired by it or its successors as owners of the
railway equipment covered by said mortgage.

Please record the enclosed documents and forward the original to my
attention.

Sincerely,


Tommie L. Jessup
City Executive

TJ:r

Enclosures



SOUTHERN NATIONAL BANK
OF NORTH CAROLINA

INSTRUMENT AND SECURITY AGREEMENT
(NEGOTIABLE NOTE AND CHATTEL MORTGAGE)

ACCOUNT #
NOTE #

RECORDATION NO. 12545

(DATE OF EXECUTION AND DELIVERY)

19

LENDER SECURED PARTY SOUTHERN NATIONAL BANK OF NORTH CAROLINA

(Mailing Address)

(No. and Street)

(City)

(County)

N.C.

INTERSTATE COMMERCE COMMISSION

BORROWER-DEBTOR(S):

(Type Full Names)

(No. Street or R.F.D.)

(City)

(County)

(State)

(Zip)

Borrower(s) represent herewith that the loan evidenced hereby is being obtained for the following primary purpose:

☐ Personal, Family or Household. ☐ Farming Operations. ☐ Business

FOR VALUE RECEIVED: to wit, money loaned, the above-named, undersigned BORROWER-DEBTOR(S) (hereinafter collectively termed "DEBTOR"), jointly and severally (if more than one Debtor), promise(s) to pay to the order of SOUTHERN NATIONAL BANK OF NORTH CAROLINA, as LENDER-SECURED PARTY (hereinafter termed "SECURED PARTY"), at its Office in the above City, the sum of

\$ 110,000.00

(DOLLARS, with interest for the term of this loan at the

rate of _____ percent per annum, and with interest after maturity at said rates until paid; ☐ payable in full _____ days from date on _____;

or ☐ payable in _____ monthly installments commencing on _____ 19____ in _____ equal payments of \$ 275.00, plus an irregular

or BALLOON PAYMENT OF \$ _____ due on _____ 19____; or ☐ payable \$ _____ on or before _____ 19____; ☐ payable on demand with

interest due on _____ 19____ and on _____ 19____, and thereafter quarterly; or if payable in monthly or

other installments the foregoing total sum ☐ includes ☐ does not include interest for the term of the loan at said rate (payment terms not checked are deleted)

together with a delinquency charge of 5% of a payment or payments in default for 10 or more days or \$6.00 whichever is the lesser. Further, in case suit is

instituted, upon Debtor's Default, to collect the OUTSTANDING BALANCE or otherwise to enforce, LOAN CONTRACT.

BORROWERS are liable for SECURED PARTY'S legal expenses and 15% of the OUTSTANDING BALANCE unpaid at time of suit, as Attorney's Fees of SECURED PARTY. If this Loan Contract is prepaid in full by cash, a new loan, refinancing, or otherwise before maturity BORROWERS shall receive a rebate of precomputed interest computed under the "Rule of 78's". Upon concurrence of any Event of Default listed on reverse hereof, SECURED PARTY may accelerate maturity of the

unpaid principal balance and all interest accrued thereon. Upon such acceleration of maturity and payment, DEBTOR shall receive a rebate of precomputed interest, computed under the "Rule of 78's".

TO SECURE PAYMENT of the foregoing Negotiable Note, all obligations of the undersigned DEBTOR hereunder, and all other obligations of DEBTOR TO SECURED PARTY, its successors and assigns, the Holder hereof, howsoever created arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due to become due (the loan and debt evidenced by this Note and secured by this Security Agreement and all other present and future obligations of DEBTOR owed to SECURED PARTY are hereinafter collectively termed the "OBLIGATIONS"); the undersigned DEBTOR hereby mortgages, conveys and grants to SECURED PARTY, a security interest in the following described and identified personal property, hereinafter termed "SPECIFIC COLLATERAL" and any and all additions, accessions, and substitutions thereto or therof, and also any personal property belonging to any of the undersigned which now or hereafter are in the control or possession of SECURED PARTY for any reason or purpose, including the pledge of same as security for payment of any debt whatsoever due said SECURED PARTY or in which SECURED PARTY now or hereafter has any security interest. (All such personal property, and the like, including SPECIFIC COLLATERAL, are hereinafter collectively termed the "COLLATERAL").

☐ If checked here, the foregoing negotiable note and the obligations are also secured by a deed of trust of even date on real property to _____ Trustee.

☐ If checked here, SPECIFIC COLLATERAL is listed and described on attached SCHEDULE "A", incorporated herein by reference.)

NEW OR USED	YEAR	MAKE	TYPE BODY	MODEL	SERIAL NUMBER	NO. CYLIN.	TON CAP IF TRUCK
USED		Marine 1	Industrial Covered	Covered	8000000000	6	1000
USED		Marine 1	Industrial Covered	Covered	8000000000	6	1000
EXTRA EQUIPMENT:	<input type="checkbox"/> Radio	<input type="checkbox"/> Wind Box	<input type="checkbox"/> Air Cond.	<input type="checkbox"/> Auto Traps	<input type="checkbox"/> Power Windows	<input type="checkbox"/> Seats	<input type="checkbox"/> Brakes
							<input type="checkbox"/> Steering

This loan is further secured by required property insurance.

Debtor hereby warrants, covenants and agrees that:

(1) SPECIFIC COLLATERAL is used or being purchased for use primarily for ☐ Personal Family or Household, ☐ Farming Operations, ☐ Business; and, ☐ If checked here, SPECIFIC COLLATERAL is being acquired with the proceeds of an advance evidenced by this Agreement, which SECURED PARTY may disburse directly to the seller of said personal property. Further, ☐ If checked here, SPECIFIC COLLATERAL is to be affixed to real property.

(2) The COLLATERAL (other than any thereof which prior to execution of this Agreement, undersigned DEBTOR shall have advised SECURED PARTY in writing, consists of equipment or inventory normally used in more than one State) will be kept at address shown above for DEBTOR; otherwise,

☐ If checked here, at _____

until such time as written advance consent to a change of location is obtained from SECURED PARTY.

(3) If SPECIFIC COLLATERAL is bought or used primarily for Business Use, DEBTOR'S principal place of business in said State, if any, is that shown in his address at beginning of this Agreement; and all other places of business in said State outside of the town or city mentioned in the previous clause are located as follows:

(4) If any of SPECIFIC COLLATERAL is bought or used primarily for Business Use and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), whether or not actually so used, and DEBTOR has a place(s) of business in more than one State, the Chief Place of Business and Chief Executive Office is that shown

at the beginning of this Agreement; otherwise, ☐ If checked here, it is at _____

(No. and Street)

(City)

(County)

(State)

and the full name(s) of the record owner(s) is _____

and, if the COLLATERAL is attached to real estate prior to the perfection of the security interest granted herein and hereby DEBTOR will, on demand of SECURED PARTY, furnish the latter with a disclaimer, duly executed by all persons having any interest in the real estate, or any interest in or claim against the COLLATERAL which is prior to SECURED PARTY'S interest.

(6) DEBTOR (or one or more of undersigned) has, or forthwith will acquire, full title to SPECIFIC COLLATERAL and will at all times keep same free of all liens, security interests, attachments and/or claims whatsoever, other than the security interests hereunder. Said SPECIFIC COLLATERAL is free and clear of all liens, security interests, claims and/or encumbrances except the following: _____

(If "NONE", so state);

(CONTINUED ON REVERSE SIDE)

THIS INSTRUMENT AND SECURITY AGREEMENT IS SUBJECT TO THE ADDITIONAL PROVISIONS, WARRANTIES, UNDERTAKINGS AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

ADDITIONAL DISCLOSURES REQUIRED BY FEDERAL LAW:

Cost of Insurance, if to be provided by Secured Party, with premiums financed herein:

Property Insurance for _____ mos. to include _____	Credit Insurance for the Stated Term of the Credit:
(describe below):	CUSTOMERS: TYPE: PREMIUM:
Type: Premium:	#1 #2
<input type="checkbox"/> _____ \$ _____	<input type="checkbox"/> Group Credit Life: \$ _____
<input type="checkbox"/> _____ \$ _____	<input type="checkbox"/> Group Disability: \$ _____
Total Property Ins. _____	<input type="checkbox"/> Individual Credit Life: \$ _____
Premium: _____ \$ _____	<input type="checkbox"/> Individual Disability: \$ _____
	Total Premium Credit Ins.: \$ _____

Accident Insurance for _____ months

☐ Acc. D&D Ins.: _____ \$ _____

(On Customer #1 only)

PROPERTY INSURANCE, if written in connection with this credit transaction, may be obtained by Customer(s) through any duly licensed insurance Agent or Broker of his (their) choice; subject only to Creditors' right to refuse to accept any insurer offered by Customers, for reasonable cause. (No insurance coverage effected unless premium is shown and box checked above.)

CREDIT LIFE AND/OR DISABILITY INSURANCE AND/OR ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE are not required by Creditor(s) as a condition for the extension of credit, purchase of such being voluntary on Customer(s) part. No such credit insurance will be provided unless the Customer(s) to be insured sign(s) the appropriate request below and additionally unless premium is shown and box checked above. Undersigned shall have the right to cancel any such Credit Insurance at any time. See reverse hereof for "Credit Insurance Rescission Right."

I (We) want the coverage(s) checked for the premium(s) shown above:

(Date) _____ (Signature of Customer (#1) to be insured)

(Date) _____ (Signature of Customer (#2) to be insured)

BASIC TERMS OF LOAN CONTRACT:

1. LOAN PROCEEDS \$ 110,000.00

2. OTHER CHARGES:

a. Total Premium, Credit Ins. \$ _____

b. Total Premium, Property Ins. \$ _____

c. Title and Notary Fees \$ _____

d. Filing and Related Fees \$ _____

e. Premium, Acc. D&D Ins. \$ _____

f. Other \$ _____

3. TOTAL OF ABOVE OTHER CHARGES \$ _____

4. LESS PREPAID FINANCE CHARGE

Required Deposit Balance \$ _____

5. TOTAL PREPAID FINANCE CHARGE AND REQUIRED DEPOSIT BALANCE \$ _____

6. AMOUNT FINANCED (No. 1 plus No. 3 minus No. 5) \$ 110,000.00

7. FINANCE CHARGE: \$ _____

a. Interest \$ _____

b. Other (specify) \$ _____

8. TOTAL OF PAYMENTS (No. 6 Plus No. 7) \$ 110,000.00

9. ANNUAL PERCENTAGE RATE: 11.00%

NOTICE: Security Agreement will cover future and existing other indebtedness and will cover after-acquired property [other than "Consumer Goods" which are not accessions] of DEBTOR, SECURED PARTY has a Security Interest under the Uniform Commercial Code, the Right of Set-Off and insurance proceeds assignment herein.

Witness the Hand(s) and Seal(s) of the undersigned, this Agreement being executed and delivered on the date first above written. Each Debtor herein acknowledges that said Agreement was complete, with all blanks filled in, prior to their executing the same, one primary DEBTOR having received a copy thereof.

Witness: _____

Witness: _____

Debtor: _____ (SEAL)

Debtor: _____ (SEAL)

Debtor: _____ (SEAL)

Debtor: _____ (SEAL)

ADDITIONAL PROVISIONS:

DEBTOR hereby further warrants, covenants, and agrees, as follows:

(6)---(Continued from reverse side)
DEBTOR has good, indefeasible marketable title thereto and will warrant and defend same against all claims. DEBTOR is not, and will not attempt to transfer, sell or encumber the COLLATERAL or use it for hire or in violation of any statute or ordinance. DEBTOR, further, agrees to pay promptly all taxes and assessments upon the COLLATERAL and/or for its use or operation, and/or on this Agreement, to keep, use and maintain said COLLATERAL in a reasonably careful manner, so as not to unreasonably or unnecessarily expose the same to waste, damage, wear or depreciation, and to keep the same in good order and repair. SECURED PARTY may examine and inspect COLLATERAL or any part thereof, wherever located, at any reasonable time(s). SECURED PARTY, Holder hereof, may correct patent errors in this Agreement. **TIME IS OF THE ESSENCE HEREOF:** Any notices to DEBTOR shall be sufficiently given, if mailed to the first above stated address of DEBTOR. All equipment, accessories and parts shall become part of said COLLATERAL by accession.

(7) IF SPECIFIC COLLATERAL is bought or used primarily for Personal, Family or Household Purposes, or for Farming Operations, or if DEBTOR has no place of business in said State, the DEBTOR'S residence in said State is that shown at the beginning of this Agreement.

(8) THIS INSTRUMENT AND SECURITY AGREEMENT INCLUDING PROVISIONS ON THE FACE HEREOF, CONSTITUTES THE ENTIRE AGREEMENT as between DEBTOR and SECURED PARTY, and no waivers or modifications shall be valid unless written upon or attached to this Agreement. Further, this Agreement shall be governed by and construed under the North Carolina Laws. All terms and expressions contained herein which are defined in Articles 1, 3, or 9 of the Uniform Commercial Code of N. C. shall have the same meaning herein as in said Articles of said Code. No waiver by SECURED PARTY of any Default(s) shall operate as a waiver of any and other default or of the same default on a future occasion. All rights of SECURED PARTY hereunder shall inure to the benefit of its successors and assigns; and all obligations of DEBTOR shall bind his heirs, executors, administrators, successors and/or assigns. If more than one person has signed this Agreement, such parties are jointly and severally obligated hereunder. Further, use of the masculine pronoun herein shall include the feminine and neuter, and also the plural. If any provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. "AGREEMENT" refers to this entire INSTRUMENT AND SECURITY AGREEMENT herein.

(9) The COLLATERAL shall, at all times, be at DEBTOR(S) risk. The loss, injury to or destruction of COLLATERAL shall not release DEBTOR from payment or other performance hereof. **DEBTOR agrees to obtain and keep in force Physical Damage and/or Property Damage Insurance on said COLLATERAL and any other such insurance requested by SECURED PARTY and DEBTOR as their interests may appear. All such policies shall provide for ten days written minimum cancellation notice to SECURED PARTY.** DEBTOR shall furnish to SECURED PARTY the original policies or certificates or other evidence satisfactory to SECURED PARTY of compliance with the foregoing insurance provisions. SECURED PARTY is authorized, but not obligated, to purchase any or all of said insurance or "Single Interest Insurance" protecting only its security interests, at DEBTOR'S expense. In such event, DEBTOR agrees to reimburse SECURED PARTY for the cost of such insurance, to the extent that the same is not included in the principal amount of the foregoing Note and debt.

(10) DEBTOR hereby assigns to SECURED PARTY the proceeds of all such insurance to the extent of the unpaid balance hereunder, and directs any insurer to make payments directly to SECURED PARTY. Holder hereof. DEBTOR, further, hereby grants to SECURED PARTY his Power of Attorney, which shall be irrevocable for so long as any amount is unpaid hereunder. Said Power of Attorney gives SECURED PARTY this sole right to: File Proof of Loss and/or any other forms required to collect from any insurer any amount due from any loss, damage or destruction of the COLLATERAL; to agree to and bind DEBTOR as to the amount of said recovery; to designate Payee(s) of such recovery; to grant releases to payor-insurers for their liability; to grant subrogation rights to any such payor-insurers; to endorse any settlement check or draft. DEBTOR further agrees not to exercise any of the foregoing Powers granted to SECURED PARTY, without the latter's written consent. In event of any Default hereunder, SECURED PARTY, is authorized to cancel any insurance and credit any premium refund against the unpaid balance due on DEBTOR'S OBLIGATIONS.

(11) Each of the undersigned, whether Maker-Debtors, Sureties, Indorsers, or Guarantors, and all others who may become liable for all or any part of the OBLIGATIONS evidenced and secured hereby, do hereby jointly and severally: Waive presentment, demand, protest, notice of protest and/or dishonor and also notice of acceleration of maturity on Default or otherwise. Further, they agree that SECURED PARTY may, from time to time, extend or renew the Note and Security Agreement for any period (whether or not longer than the original period of the Note) and grant any releases, compromises or indulgences with respect to the Note or any extension or renewal thereof or any security therefor, or to any party liable thereunder or hereunder. The undersigned, further, waive notice of acceptance of their guaranty and expressly agree to pay all amounts hereunder, upon demand, without requiring any action or proceeding against the principal Debtor-Maker(s) or any Collateral.

(12) No Financing Statement (other than any filed by this SECURED PARTY) covering any of the COLLATERAL herein or proceeds thereof is on file in any public or filing office. On request of SECURED PARTY, DEBTOR will join with same in executing one or more Financing Statements pursuant to the Uniform Commercial Code, in form satisfactory to SECURED PARTY and will pay all costs and expenses of filing the same or of filing this AGREEMENT in any and all public or filing offices wherever filing or recording is deemed by SECURED PARTY to be necessary or desirable. Further, SECURED PARTY is authorized to file Financing Statements relating to COLLATERAL without DEBTOR'S signature where authorized by law. SECURED PARTY is further granted DEBTOR'S Power of Attorney, which shall be irrevocable so long as any amount is unpaid hereunder, and which gives SECURED PARTY the right to sign DEBTOR'S name on any Financing Statements to be filed.

(13) Where proceeds of the loan evidenced hereby are being used by DEBTOR to purchase personal property or fixtures from a Seller or to finance improvements to real estate pursuant to a contract between DEBTOR and a Contractor whereby the latter has agreed to perform services and to sell to DEBTOR items of personal property to be affixed to or placed in or on real estate; DEBTOR acknowledges herewith that, by execution hereof, he has agreed to and does waive all rights to defend against SECURED PARTY on any grounds whatsoever. DEBTOR hereby agrees not to set up any claims he might have against the foregoing SELLER or CONTRACTOR as a defense, set-off, recoupment or otherwise, to any action brought by SECURED PARTY for any balance due hereunder or for possession of COLLATERAL; all pursuant to G.S. § 25-9-206(1).

(14) If the SPECIFIC COLLATERAL herein has been or is to be affixed to real estate belonging to DEBTOR as specified in ITEM (5) on the reverse side hereof; DEBTOR covenants and herewith agrees that upon the happening of any of the EVENTS OF DEFAULT, as hereinafter defined, on demand of SECURED PARTY, he will execute and deliver to said SECURED PARTY, or Holder, a good and sufficient real estate Deed of Trust, conveying the premises (real estate) described in said ITEM (5) as additional security for the payment of all OBLIGATIONS evidenced and/or secured in and by this Agreement. DEBTOR reserves to himself the option to pay SECURED PARTY the entire unpaid balance due hereunder rather than furnishing the aforementioned Deed of Trust, on his Default.

Credit Insurance Rescission Right: Purchase of Credit Insurance described on reverse hereof is not required as a condition to granting of credit and may be cancelled by insured(s) at any time by written notice to Creditor-Holder of Agreement. Further, under G.S. § 58-346, insureds are herewith notified that they shall have the right to rescind any "Credit Insurance" provided under the Certificate of Insurance delivered or sent to them upon giving written notice to the insurer within 15 days of receipt of such Certificate. If any such Credit Insurance is so rescinded, any premium(s) charged and financed herein will be promptly credited and any portion thereof actually paid will be refunded to the person entitled to such credit or refund.

Conditions and limitations as to **Accidental Death and Dismemberment Insurance** described on reverse hereof ("Acc. D&D Ins.") are as follows: (i) Such coverage is presently available only for issuance to the first primary Debtor executing the reverse hereof; (ii) the Insured under the Acc. D&D Ins. shall have the right to rescind such Acc. D&D Ins. provided upon giving written notice to the Insurer within 15 days after issuance of the Acc. D&D Policy of Insurance. In the event of such rescission within such time limitation, any such premium charged and financed herein will be promptly credited and any portion thereof actually paid will be refunded to the person entitled to such credit or refund; and (iii) unless such Acc. D&D Ins. is rescinded as above permitted, it shall not thereafter be cancelable.

ADDITIONAL RIGHTS GRANTED SECURED PARTY:

At its option, SECURED PARTY may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on said COLLATERAL, may pay for insurance and for the maintenance and preservation of same. DEBTOR agrees to reimburse SECURED PARTY, on demand, for any such payment made, or any such expenses incurred by SECURED PARTY pursuant to the foregoing authorization. Until Default, as hereinafter defined, DEBTOR shall have the right to retain possession of the SPECIFIC COLLATERAL and to use it in any lawful manner not inconsistent with this Agreement and with any policy of insurance thereon.

With prior written assent of SECURED PARTY, other COLLATERAL may be substituted for the ORIGINAL COLLATERAL herein, in which event all rights, duties, obligations, remedies and security interests provided for, created or granted shall apply fully to such SUBSTITUTE COLLATERAL.

If any installment due and payable hereunder is in default for 10 or more days after such installment was due hereunder, or if the payment and maturity of the entire unpaid outstanding balance hereunder shall be accelerated and matured by reason of the occurrence of any of the "EVENTS OF DEFAULT," as hereinafter defined: SECURED PARTY is herewith expressly authorized to exercise its rights of Set-Off or Bank Lien as to any monies deposited in demand, checking, time savings, or other accounts of any nature maintained in and with it by any of the undersigned, without advance notice. Said right of Set-Off shall also be exercised and applicable where SECURED PARTY is indebted to any signer hereof by reason of any Certificate of Deposit, Bond, Note, or otherwise.

Based upon DEBTOR(S) agreement to make his payments in a timely manner, SECURED PARTY does not anticipate receiving any installment or payment later than its agreed upon due date. If DEBTOR should make any installment or other payment 10 or more days after said installment or payment was due hereunder, DEBTOR agrees to pay on demand, a DELINQUENCY CHARGE of 5% of such installment or payment, or \$6.00, whichever is lesser, which charge shall be in addition to and not in lieu of the FINANCE CHARGES (Interest) due hereunder. Such charge is stipulated by the parties hereto as intended partially to compensate SECURED PARTY for the additional "collection expenses" caused by such unanticipated delinquency on DEBTOR(S)' part.

Secured Party's acceptance of any payment on the debt created and/or evidenced hereunder after it has demanded payment of the entire unpaid balance due or after suit has been instituted against DEBTOR shall not constitute a waiver of any default in payments or otherwise which exist despite or after acceptance of such payment(s).

If more than one person executes this agreement, each such Debtor hereby constitutes and appoints each other Debtor as his agent for all purposes of dealing with SECURED PARTY concerning this Agreement and the collateral.

EVENTS OF DEFAULT:

DEBTOR shall be in default under this Agreement upon the happening of any of the following events, circumstances, or conditions; namely:

(1) Default in the payment or performance of any of the obligations or of any covenant, warranty or liability contained or referred to herein or contained in any other contract or Agreement with SECURED PARTY, whether now existing or hereafter arising; or

(2) Any warranty, representation or statement made or furnished to SECURED PARTY by or on behalf of DEBTOR, in connection with this Contract or to induce SECURED PARTY to finance the purchase of said collateral by said DEBTOR proving to have been false in any material respect when made or furnished; or

(3) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the collateral or the assertion or making of any levy, seizure, mechanic's or materialman's lien or attachment thereof or thereon; or

(4) Death, or dissolution, termination of existence, insolvency, business failure, appointment of a Receiver of any part of the property of, Assignment for the Benefit of Creditors by, or the commencement of any proceeding under the Bankruptcy or Insolvency Laws or by or against DEBTOR or any guarantor or surety for said DEBTOR; or

(5) DEBTOR(S) being found to have either a "record or reputation for violating the Laws of the United States or of any State relating to liquor or narcotics" (as referred to in 18 U.S.C.A. 3617, et seq.) and/or any Commercial Crimes; or

(6) Failure of any corporate Debtor to maintain its corporate existence in good standing; or

(7) If DEBTOR should remove or replace any of the component parts of COLLATERAL so as materially to lessen its market value or make it suitable to be used in racing contests of any nature; or

(8) If Physical Damage, Property and/or other insurance is to be procured by SECURED PARTY, with premiums financed herein, and the Insurance company to which SECURED PARTY applies therefor refuses to issue such insurance and DEBTOR, on demand, fails or refuses to obtain substitute insurance coverage; or

(9) If any Physical Damage, Property and/or other insurance, insuring said Collateral and the respective interests of the parties therein, is cancelled for any reason and the DEBTOR fails or refuses to furnish written proof to SECURED PARTY of his having obtained substitute insurance coverage replacing cancelled policies; and/or

(10) If SECURED PARTY should otherwise deem itself, its Security Interest, its collateral or said debt unsafe or insecure; or should said SECURED PARTY, in good faith, believe that the prospect of payment or other performance is impaired.

WAIVER OF NOTICE AND HEARING:

Upon the occurrence of any of the foregoing events, circumstances, or conditions of Default, DEBTOR hereby expressly waives his Constitutional right to notice and/or a Hearing prior to SECURED PARTY(S)' resuming or taking possession of the Collateral herein, either by Claim and Delivery (Court action) or otherwise.

REMEDIES ON DEFAULT (Including Power of Sale):

Upon the occurrence of any of the foregoing events, circumstances or conditions of Default, all of the obligations evidenced herein and secured hereby shall immediately be due and payable, without notice. Further, SECURED PARTY shall then have all the rights and remedies of a Secured Party under the Uniform Commercial Code, as enacted in North Carolina.

Without limitation thereto, SECURED PARTY shall have the following specific rights:

(1) To take immediate possession of the Collateral without notice or resort to legal process; and for such purpose, to enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. In the event the Collateral is a motor vehicle, mobile home or the like, SECURED PARTY may temporarily hold, for the DEBTOR any personal property located therein and not subject to Secured Party's security interest. In such event, DEBTOR shall, by certified or registered U. S. Mail, notify SECURED PARTY within twenty-four hours after its resumption of possession or repossession of the Collateral as to any such articles claimed by DEBTOR not to be subject to SECURED PARTY's security interest. Absent such notification, SECURED PARTY may dispose of any such personal property as if it were expressly covered by its security interests created in this Agreement.

(2) To require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place to then be designated by said SECURED PARTY which is reasonably convenient to both parties.

(3) At its sole option, to retain the Collateral in satisfaction of all obligations hereunder. If SECURED PARTY should elect such option, written notice of such election shall be mailed to DEBTOR by certified or registered mail, a minimum of five days prior to the date such election is to be effective. Unless such written notice is sent by SECURED PARTY, as aforementioned, retention of said collateral shall not be in satisfaction of any obligations hereunder, but instead shall be for the purpose of foreclosing thereon its security interest, as herein provided.

(4) To dispose of said collateral, in any county or place to be selected by SECURED PARTY at time of Default, at either Private or Public Sale (at which sale SECURED PARTY may be the purchaser), with or without having the COLLATERAL physically present at said sale.

If said COLLATERAL is sold at Public Sale, under this Contractual Power of Sale; it is agreed that pursuant to GS § 25-9-603 (or any similar Statutes subsequently enacted in replacement thereof), notice of such Public Sale shall be posted on a suitable Bulletin Board maintained for such purposes in the Court House in the County or place in which said sale is to be held, at least 5 days immediately preceding the Sale. Such posting shall constitute sufficient advertising.

If said COLLATERAL is thus sold at Public Sale, SECURED PARTY shall mail a copy of its Notice of Public Sale to DEBTOR at the address shown at the beginning of this Agreement, at least 5 days before the date of such Public Sale. Further, if said COLLATERAL is sold at Private Sale, SECURED PARTY shall give at least 5 days' written notice of the time after which such Private Sale is to be made, such notice being stipulated by all parties hereto as reasonable. At any Sale or other disposition of the COLLATERAL, SECURED PARTY may accept a trade of property for all or a portion of the sale price.

(5) To make or have made any repairs found necessary or desirable at time of repossession, possession or sale the cost of which is to be charged against DEBTOR.

(6) To apply the proceeds realized from disposition of the COLLATERAL to satisfy the following items; in the order here listed:

(a) The cost of reimbursing any person, firm or corporation whose interest in the premises is damaged by the entry and removal of the COLLATERAL upon DEBTOR(S)' failure to do so;

(b) The expense of taking, removing, holding for sale, repairing or otherwise preparing for sale and selling of said COLLATERAL specifically including the SECURED PARTY'S reasonable Attorneys' fees and both legal and collection expenses. If Claim and Delivery and/or Suit are instituted for possession of said COLLATERAL and/or collection of the unpaid balance(s) herein, DEBTOR herewith stipulates and agrees that 15% of the sum of the unpaid principal and all interest due thereon at the time suit is instituted by SECURED PARTY shall be deemed reasonable Attorneys' fees of said SECURED PARTY; next to

(c) The expense of liquidating any liens, security interests, attachments or encumbrances superior to the security interests herein created; and finally, to

(d) The unpaid principal balance and all accumulated interest hereunder and to any other debt owed to SECURED PARTY by any signer hereof.

Any surplus, after the satisfaction of the foregoing items (a) through (d) shall be paid to DEBTOR or to any other Secured Party lawfully entitled thereto and known to this SECURED PARTY. Further, if the proceeds realized from disposition of the COLLATERAL shall fail to satisfy any of the foregoing items (a) through (d), DEBTOR shall forthwith pay any deficiency balance to SECURED PARTY, together with interest thereon at the Contract Rate stated herein.

GUARANTY BY THIRD PERSONS:

Undersigned, jointly and severally, guarantee(s) the payment, when due, to any holder hereof all amounts from time to time owing thereunder, and the payment, upon demand, of the entire amount owing on said Contract in the event of default in payment by Debtor(s) named therein. Undersigned waive(s) notice of acceptance of this Guaranty, of any extensions in time of payment, of sale of any collateral and of all other notice to which the undersigned would be otherwise entitled by Law and agree(s) to pay all amounts owing hereunder, upon demand, without requiring any action or proceeding against Debtor(s) or any foreclosure against any COLLATERAL secured in said Contract. If Suit is brought to enforce this Guaranty Agreement, undersigned agree(s) to pay the reasonable attorneys' fees of any holder hereof.

_____(SEAL)
GUARANTOR

_____(ADDRESS)

_____(SEAL)
GUARANTOR

_____(ADDRESS)

SIGNATURE OF OWNER OF SPECIFIC COLLATERAL:

Undersigned acknowledge themselves as fully bound by all provisions of the Security Agreement portion of said Agreement, which they herewith execute:

_____(SEAL)
OWNER(S) OF SPECIFIC COLLATERAL

_____(ADDRESS)

State of North Carolina
County of Moore

On this 28th day of November, 1980, before me personally appeared Voit Gilmore, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Madeline C. Prim
Notary Public

My commission expires 11/14/81